

Message Text

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C O N F I D E N T I A L KINSHASA 1480

E.O. 11652: GDS

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SUBJECT: IBM

1. ROBERT LASSUS-DEBAT (MANAGER) AND PAUL CAMILLERI OF IBM ZAIRE CALLED ON ME TODAY (FEB 19) TO DISCUSS PROBLEMS THEY CONFRONT IN THE CURRENT SITUATION.

2. AS A GENERAL MATTER THEY ARE AWARE THAT IBM IS ON SOME OF THE DRAFT LISTS OF FIRMS TO BE NATIONALIZED. NEEDLESS TO SAY, THEY DON'T LIKE PROSPECT AND IF A DELEGUE GENERAL AND REVOLUTIONARY MANAGEMENT COMMITTEE IS IMPOSED, THEY PLAN PROTEST AND CALL FOR HELP BOTH FROM EMBASSY AND FROM IBM HEADQUARTERS. THEY ASKED ME IF I EXPECTED THEM TO BE TAKEN OVER AND I CONFIRMED THEY WERE ON LIST BUT THAT THERE WAS NO CONCEIVABLE WAY I OR ANYONE ELSE COULD PREDICT WHAT WOULD HAPPEN HERE NEXT. THEY MIGHT OR MIGHT NOT DISCOVER THAT A DELEGUE GENERAL WAS APPOINTED AND THAT MIGHT OR MIGHT NOT MEAN THAT THEIR MANAGEMENT WOULD BE INTERFERRED WITH. THEY INDICATED PARTICULAR CONCERN ABOUT ROLE FOR REVOLUTIONARY COMMITTEE WHICH THEY SAY IN OTHER CASES CONCENTRATES ON RECEIPTS AND EXPENDITURES.

3. ACTUAL INVESTMENT IN IBM ZAIRE WITH BUILDINGS AND HOUSES, ETC., IS LESS THAN \$1 MILLION. HOWEVER, OVER
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\$10 MILLION WORTH OF COMPUTERS OWNED BY WORLD TRADE

CORP., NEW YORK, ARE IN COUNTRY AND OVER \$2 MILLION WORTH OF ADDITIONAL COMPUTERS ARE ON ORDER. IBM IS ENTITLED REMITS ABOUT 90 PERCENT OF RENTAL INCOME WHICH, PURSUANT TO CONTRACT, IS LARGELY PAYABLE IN DOLLARS.

4. SPECIFIC PROBLEM OF IMMEDIATE CONCERN IS THAT IBM IS NOT BEING PAID. JUST UNDER 70 PERCENT OF THEIR BUSINESS IS WITH GOZ AND REMAINDER IS LARGELY WITH ZAIRIS CONTROLLED FIRMS WHICH ARE ALSO IN FINANCIAL DIFFICULTIES. AS EXAMPLE OF PROBLEM, COMPUTERS RENTED BY ZAIRIS METEOROLOGICAL SERVICE, OFFICE OF NATIONAL RESEARCH, AND PTT HAVE IN SOME CASES GONE FOR OVER YEAR AND A HALF WITHOUT PAYMENT FROM GOZ. IN THESE CIRCUMSTANCES, NEW YORK INSTRUCTED IBM ZAIRE TO RECAPTURE AT LEAST TWO OF THESE MACHINES. WHEN THEY WENT TO TAKE BACK METEROLOGICAL SERVICE COMPUTER, THEY WERE DENIED ENTRANCE AND INFORMED THAT THEY COULD NOT "SABOTAGE" GOVERNMENT. SOMETHING SIMILAR HAPPENED IN CASE OF PTT, BUT ONE SMALL PAYMENT WAS FORTHCOMING THERE SOMETIME AGO.

5. LAST YEAR NEW YORK HEADQUARTERS MADE AVAILABLE \$1 MILLION TO MEET LOCAL COSTS. NOT ASTONISHINGLY, THIS YEAR NEW YORK IS NOT ABOUT TO PROVIDE ADDITIONAL MONEY. IBM ZAIRE'S CASH FLOW IS ABOUT \$2 MILLION IN DEFICIT. IN THESE CIRCUMSTANCES, WORLD TRADE CORP IS UNWILLING TO PROVIDE ADDITIONAL EQUIPMENT ON ORDER BY THE BANK OF ZAIRE, PETRO-ZAIRE, GECAMINES, BANQUE NATIONALE ZAIRIS, AND THE MINISTRY OF FINANCE. IN ADDITION, WHILE THEY WOULD LIKE RECAPTURE MINISTRY OF FINANCE COMPUTER, THEY RECOGNIZE THAT WITHOUT THAT COMPUTER PAY CHECKS OF ROUGHLY 380 THOUSAND CIVIL SERVANTS WOULD BE TOTALLY SCREWED UP. THEY ARE AFRAID THE FAILURE TO DELIVER ADDITIONAL EQUIPMENT WILL ITSELF EVOKE CHARGES OF ECONOMIC SABOTAGE BUT SEE NO ALTERNATIVE TO RUNNING RISK AND PLAN LIMIT FUTURE EXPOSURE HERE TO ABSOLUTE MINIMUM TO SERVICE EXISTING EQUIPMENT. IF PRESSURE BUILDS, THEY EXPECT MAISON-ROUGE OR OTHER SENIOR OFFICIALS TO COME OUT TO EXPLAIN IBM POINT OF VIEW TO PRESIDENT MOBUTU.

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6. I TOLD THEM THEY HAD LOTS OF COMPANY IN PARTICULAR BOAT THEY WERE IN, THAT WE WOULD DO WHAT WE COULD, AND THAT I THOUGHT THEIR PLAN AS OUTLINED WAS REASONABLE. I DID CAUTION AGAINST TAKING PRECIPITATE ACTION WHICH COULD BRING MATTERS TO BREAKING POINT, SAYING THAT IF BREAK WERE COMING, IT FAR BETTER THAT DEFINITIVE STEP BE TAKEN BY GOZ.

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